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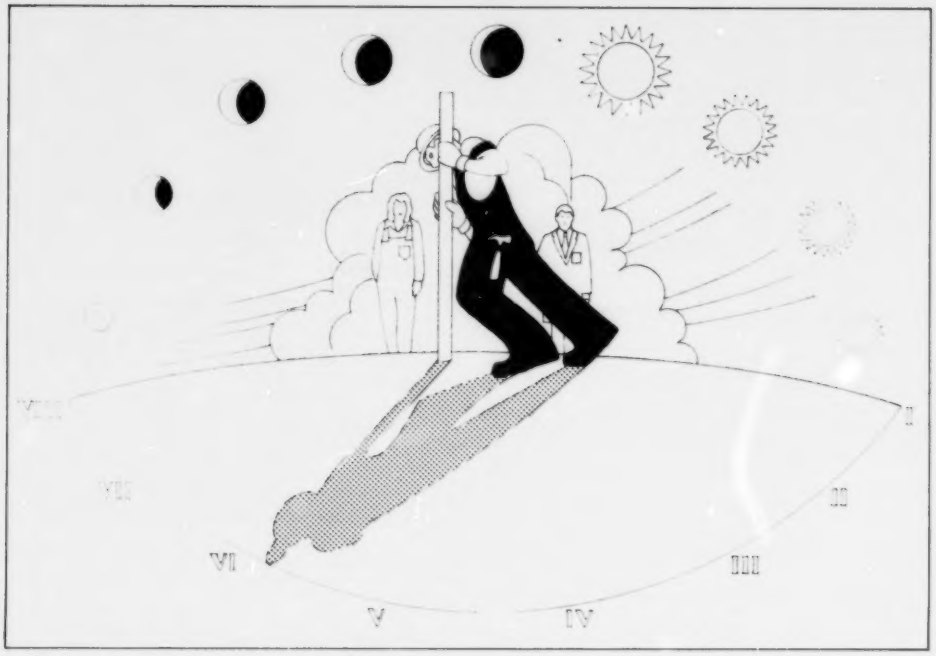

Case Studies on Overtime in Ontario

CASE STUDIES ON OVERTIME

IN ONTARIO

by

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The views expressed in this report are those of the author and need not reflect the position of the Ontario Task Force on Hours of Work and Overtime.

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This background report was completed in September 1986 and is being published to coincide with the publication of the Phase II Report of the Ontario Task Force on Hours of Work and Overtime.

Abstract: Case Studies on Overtime in Ontario

Past studies of overtime and hours of work in Canada have indicated remarkably little change in the aggregate levels of overtime as a percentage of total time worked. The following case studies explore aspects of the nature and motivation of decision-making concerning overtime at the micro-level of the firm. Included are studies from the steel, auto, telecommunications, paper and metal manufacturing industries.

In summary, the case studies indicate that there has been a qualitative change in the hours of work and overtime issues, particularly since the recession of 1981-82. The factors involved in the change include the reluctance of firms to introduce new capacity and engage in major new investments, the effects of workforce reductions emanating from the recession, the relatively rigid job classification and work rules that both parties have traditionally relied upon in collective agreements, and the new "soft" technologies such as just-in-time delivery and inventory control systems. The configuration of these factors and their specific impact varies by industry.

The case studies indicate that there is not just one hours of work and overtime problem, but a series of problems. The issues involved go well beyond just the quantitative limitations in labour standards legislation.

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CASE STUDIES ON OVERTIME IN ONTARIO

INTRODUCTION

In the past decade there has been remarkably little change in the aggregate levels of overtime as a percentage of total time worked.[1] Further, the primary motivation of management in making decisions to rely on overtime (as opposed to the options of new hirings or recall of laid-off employees) apparently is based on: 1) unanticipated short-term fluctuations in demand; and 2) a calculation of the cost of overtime compared to the cost of hiring a new employee, where the latter depends critically upon non-wage benefit costs.

The following case studies explore the extent, nature and motivation of decision makers at the micro-level of individual firms and facilities. From these case studies, patterns and issues arise that are somewhat different from those outlined by Reid.[2] In summary, there is significant evidence of a change in recent years. That is, there are indications of different levels and patterns of overtime since the recession of 1981-82. The factors involved in the change include the reluctance of firms to introduce new capacity and engage in major new investments, the effects of workforce reductions emanating from the recession, the relatively rigid seniority rules and job classification systems negotiated in the past by both parties, and the introduction of new technologies and techniques such as just-in-time delivery and inventory control systems.

STEEL INDUSTRY CASE STUDY

Introduction

The first case study is drawn from the steel industry, specifically the main Hilton works site of the Steel Company of Canada (Stelco). The case represents the overtime problem in a classic "smokestack" industry. The Hilton works in particular has been the scene of ongoing union complaints by the United Steelworkers of America and

their Local 1005 over "excessive" overtime and the coincidence of overtime along with continual mass layoffs.

The steel industry is faced with what are by now considered the typical problems of North American heavy industry. There are severe competitive and cost pressures from offshore steel producers; there have been major workforce reductions in the past five years; numerous facilities have been permanently closed; and the industry generally is undergoing major economic and technological restructuring (as the facility under review). The specific collective bargaining situation reflects that in heavy industry generally, with a long-standing and complex collective agreement, intricate and relatively rigid job classification, and seniority rules that have a direct relationship to how overtime issues arise and how they are handled. As well, the steel example is typical of continuous-process operations in heavy industry where the traditional work and production patterns are based on an assumption of a 24-hour-a-day, 7-day-a-week operation.

The situation of the industry and the somewhat conflicting perspectives of the union and management were well reflected in their formal submissions to the Task Force.

Background

In its submission to the Task Force, the Steel Company of Canada acknowledged the motivations that led to the establishment of the Task Force as well as the feelings of laid-off workers who observed overtime being worked while they themselves were on the street. However, the submission cautioned against any easy equation of overtime reductions with automatic employment gains.

In Stelco's view, these sentiments ought not to be allowed to overshadow the real issues that persist in Ontario. The problems currently plaguing the economy of Ontario are not localized ones but relate to a global economy undergoing a massive, far-reaching and unprecedented process of restructuring and change involving a de-emphasis of traditional manufacturing in the industrialized world and a corresponding process of rapid industrialization on the part of the emerging nations, especially those of the Third World. Citing a

recent article in Foreign Affairs by Peter Drucker, Stelco argued that blue-collar jobs increasingly will have to be replaced by knowledge and capital and that without undertaking this substitution, no nation or business can hope to survive. Attempts to preserve blue-collar jobs actually constitute a prescription for unemployment, and governments must give their highest priority to the international competitiveness of their economies rather than to domestic economic considerations. However, sobering this assessment may be, Stelco argued, it nevertheless constitutes an accurate reflection of the current situation within the Canadian steel industry.[3]

It was Stelco's argument that any further restrictions on hours of work and overtime, far from creating additional employment, will actually result in higher unemployment through eroding the ability of the steel industry to function in what is without question the most intensely competitive global market environment it has ever experienced.[4]

In support of the perspective of a global shift in production, Stelco commented on the maturing of industrialized nations in their economic evolution, involving a growing orientation toward high technology, information and service-orientated endeavours, and the fact that traditional manufacturing activity is increasingly being sourced in the industrializing countries, especially those of the Third World. This structural shift has been reflected in the steel industry, where there has been a distinct shift in both steel production and consumption from the industrialized to the industrializing societies. Closer to home, for instance, the downsizing of automobiles has resulted in a one thousand pound drop in the average weight of a car, half of which is composed of steel. When the first tower of the Toronto Dominion Centre in Toronto was built, in 1966, the steel usage in the frame was about 34 pounds per square foot. The newest addition to the complex, the recently completed IBM Tower, which is similar in appearance to its three counterparts, has, because of new design approaches, a steel usage of only 19 pounds per square foot.[5] It is a combination of these factors — declining steel usage and intensity, new steelmaking capacity coming onstream in the industrializing nations, and the

retention of redundant steel-making capacity by the European Economic Community -- that has been responsible for the slow - growth scenario in world steel markets and for the current imbalance between supply and demand. This in turn has driven down international steel prices and created the most intensely competitive global steel market environment in living memory. It is this global market perspective and restructuring of traditional steel producers that forms the essential backdrop to understanding workforce and overtime questions in the steel industry.[6]

Stelco, for example, has permanently closed a finishing plant in Hamilton, a fabricating facility in Regina, three finishing plants in Quebec, and an iron ore mine in Northern Ontario. Total employment has fallen from a mid-1981 peak of 26,000 to just over 18,000 in 1986.[7]

The Hilton Works is a 24-hour-a-day, 7-day-a-week operation. It is a complex facility both technologically and from a personnel perspective. The bargaining unit is divided into over 60 separate seniority units, all of which have separate and sometimes very distinctive rights under the collective agreement with Local 1005, United Steelworkers of America. Each department, and often groups within each department, have different schedules based on operational levels for the department; these levels of operations in turn influence the schedules of other departments. There are quite literally hundreds of different work schedules in existence in the plant.

During 1980 and 1981, Hilton Works employed over 13,000 employees in the bargaining unit. Because of decreasing steel demand, this number has been reduced to a current level of 8,600 through layoffs, attrition and two early retirement programs negotiated with Local 1005. Currently, Hilton Works has approximately one thousand bargaining unit employees on layoff who have recall rights. With the exception of recall for summer vacation relief, the company has indicated that it is questionable whether those people will ever be recalled permanently before their recall entitlement expires.[8]

During 1985, the company made a conscious decision to keep people employed during the fall and winter even though shipments did not justify such an approach. In addition, management has transferred to its own employees work normally done by outside contractors.[9] The management objective is to use a relatively fixed, stable workforce of its employees to supplant a flexible workforce of contractors. At one time, it staffed the plant to a base-load level, and the variability in workload or peaks was taken up by contractors. According to the management, it now staffs above the base load. The peaks are carried through overtime by the existing workforce, who continue on during the valleys. In fact, during a recent major breakdown, the facility continued to employ over 200 employees on training and other programs, although under traditional circumstances these employees would have been sent home.

According to the company, absenteeism in the producing departments is the major contributor to overtime. This includes shift absences for such reasons as illness, personal absences (either justified or unjustified), and lost-time accidents. Absences for these reasons are in excess of 4% of scheduled hours, particularly in the larger departments. Further, overtime is created primarily by short-term, unpredictable absenteeism, and, other than through the scheduling of overtime the company does not have the ability to fill the vacancies created by this type of absence.[10]

A second major cause of overtime in the producing departments is short-term increases in demand to satisfy markets. An extra overtime shift may be added to the schedule in some of the rolling mills where there is a short-term increase in demand which does not justify adding an extra crew. This type of condition usually occurs when operating levels have to be adjusted immediately to accommodate unexpected customer demands for a short period of time, usually one or two weeks. Overtime is necessary because there is insufficient time to recall and train an additional crew of employees. These extra overtime shifts also can be added to make up for lost production because of breakdowns in equipment. They become of increasing importance in a market which dictates "just-in-time"

delivery where customers are not prepared to keep inventories of steel in order to keep their facilities running.[11]

Adjustment to such fluctuations in production are made more difficult against the background of contract provisions negotiated in an era of much higher and steadier volumes of production. The need for the increased output may be required for only a few weeks, in which case the employees involved would be laid off again. At this point, the recalled employees may be entitled to notice in accordance with the Employment Standards Act.[12]

One of the contentious areas of overtime is that of "regularly scheduled overtime," which arises regularly in the continuous-process departments. Because the week is 7 days and each day has three 8-hour shifts (turns), the full week has 21 turns: 7 days x 3 (8-hour shifts) = 21. The remaining 8-hour shift in that pattern (i.e., 21 = 40/2 + 1) is made up by working overtime to cover it -- one shift every four weeks by one crew. In the company's view, it is neither economical nor reasonable to hire a full crew of employees just to staff the 21st turn.[13]

On the basis of an internal survey, the employer is of the view that the vast majority of overtime is of short duration and that it results primarily from absenteeism. Indeed, only 111 employees or 1% of the workforce worked in excess of 48 hours. The employer found that the total percentage of overtime hours worked in the survey period was substantially less than the amount of absenteeism normally experienced.[14]

During the 1984 negotiations with the union, the company, recognizing the need for a flexible workforce to supplement contractors and reduce overtime, proposed that laid-off workers be employed on a temporary basis. The employees hired under this program would be paid the full rate for the job being performed, but would not receive fringe benefits. In contrast, under the collective agreement, an employee who is employed for one day could receive group insurance benefits for not only the entire month in which he or she works, but also for the month following. In addition, pension

credits for the entire month in which the workday falls would be provided. The union totally rejected the concept of such temporary employment.[15]

The alternative to recalling employees for a short duration in order to avoid overtime is to employ them in labour jobs on a standby basis. Stelco rejects this proposal on the basis that the viability of the entire North American steel industry rests on the fact that it has to be cost competitive. With 33% of total costs being employment costs, Stelco feels that it cannot afford to have labourers on each shift waiting for absences, breakdowns and fluctuations in demand to occur in order to offset potential overtime. Further, in Stelco's view even this would not eliminate overtime, since labourers do not possess the necessary skills to perform higher-level jobs.[16]

In summary, Stelco urged that the Task Force look behind the reasons for overtime. Some complex industries, such as steel, have a variety of schedules and work 24 hours a day, 7 days a week, and thus will always have some level of overtime. As well, in the current era of "just-in-time" delivery, customers are no longer prepared to carry the inventories they once did; if they are not accommodated, there is always someone else to deal with.[17]

In today's operational environment, workforce flexibility is a crucial component of improved productivity and would go a long way toward reducing overtime levels. This type of flexibility, however, is difficult to achieve when management itself has been instrumental in fragmenting job functions in the name of specialization and productivity enhancement. Redesigning jobs and upgrading employees skills are often resisted by unions who tend to view such initiatives as a backdoor attempt to carry out additional work with fewer employees.[18]

In the view of Stelco management, much of Ontario's current unemployment is structural in nature. Therefore, it must be addressed through training retraining, education in job-search techniques, and improved employee mobility rather than through

legislation that can only result in reduced manufacturing competitiveness.[19]

The United Steelworkers Local 1005, in its submission to the Task Force, emphasized that its attempts to obtain comprehensive information from the employer had been rejected by Stelco management on the basis of its being confidential information on individual employees.[20] For that reason, the union brought forth a series of examples of overtime problems in individual departments. Examples included:

- the coke ovens, where a total of 24 shifts of overtime were worked in the first three weeks of March 1985 at a time when 54 people were on layoff;
- the west side electrical department, where the employees claim to have been told that they could book unlimited overtime for doing overhauls;
- the cold mill electrical department, where the average week has been from 15 to 20 shifts of overtime, or 120 to 160 hours per week, in spite of overall crew reductions;
- the roll shop, which has averaged 25 to 27 overtime shifts per week in spite of crew reductions;
- the tin rolling and finishing department where, from January 1 to January 31, 1986, approximately 1,800 hours of overtime were worked (65% of which were paid for extra shifts worked over 40 hours per week, and the remainder for lateness, sickness and union business);
- the west side instrument shop, where overtime has increased dramatically (much for overhaul work previously done on regular time) while the workforce has been reduced from 25 people to 16;
- and the No. 2 rod mill, where there was a total of 11,916 overtime hours worked during the first four months of 1986.

In the rod mill case, the 11,916 overtime hours included approximately 1,440 hours worked on statutory holidays; 1,680 hours scheduled for the week of March 2, 1986; and 1,920 hours for downturns (i.e., where the mill is down and rolls are changed and maintenance is carried out). The roll change is voluntary overtime,

as it occurs on a scheduled day off. The remaining 6,876 hours consist of people working double shifts and on their days off.[21] The rod mill situation is currently the subject of investigation by the Employment Standards Branch.

In addition, the union alleges that Stelco has been trying to reclassify some production jobs as maintenance jobs so that under the "blue permit" these workers would be able to work the permitted 12 hours overtime each week over the 48-hour week, instead of being limited to the standard 100 hours per year.[22]

The union posed the rhetorical question: Why are employers paying overtime while laying people off, or not recalling laid-off workers? In its view, it is strictly a matter of cost. When a company is recalling a laid-off worker it is faced with paying for safety equipment, benefits for as long as 2 months, its share of UIC premiums, and so forth. If the overtime were more expensive, such as double time and 1/2 after 40 hours, then it would no longer be cheaper to pay overtime.[23]

To deal with the problems of maintenance skills and the availability of general labour, the union proposed an overhaul crew be established to do overhaul and routine maintenance across the plant, and to assist the electrical workers in each of the five areas. In its view, this crew could eliminate much of the overtime being worked in each of the five areas, and this would result in many new jobs. The cost of these jobs would come from the savings in overtime. Such a labour pool could be utilized on production units as well. When there is a short-term increase required for an extra order, for example, people could be sent to a particular unit for a short-term production increase. Jobs that are common across the entire plant include crane operators, tractor operators, mobile equipment operators, coil chasers, and any type of labour job. The people in this pool could do the labour jobs in any mill unit, permitting the regular mill labourers to move up and do the jobs that require special training. Most workers doing labour type jobs are already trained on the skilled and semi-skilled jobs in the mill, since they move up to these jobs to fill in for vacancies caused by

sickness. As well, according to the union it is possible for units to run an odd number of shifts per week, not just 5 or 10 (which divide into 40 hours) without paying overtime. This is accomplished by having workers do one job for one or two shifts, and a different job for the remainder of the week while other workers are on days off. These labour pools exist now in electrical work and in the cold mill as well as other areas. However, they exist only to a small degree and are not being used to eliminate overtime.[24]

Interview Results

To investigate factual matters and to find out viewpoints, interviews were conducted with senior management and union officials at Hilton Works and Local 1005.

In reply to specific situations raised by Local 1005, Stelco management undertook that where the union had pointed to apparent major instances of foreseeable overtime, Stelco is checking those cases and will supply the Task Force with the data uncovered.

In Stelco's mind the issue is the extent to which the need for overtime can be predicted. Stelco says that if the union can point out where the same groups are repeatedly working overtime, then such overtime could be eliminated. The key, Stelco says, is predictability. For example, when predictable, absentee employees are replaced by others working at straight-time rates. An additional source of overtime is the need to satisfy bumping requirements under the collective agreement that results in overtime being worked to accommodate training.

In regard to the coke ovens, Stelco is trying to go to a single unit operation to reduce overtime. The No. 2 rod mill situation is an example of pressure from just-in-time delivery requirements of customers. The Ministry of Labour currently is carrying out an investigation to clarify the situation. In the spring of 1986, because of demand, Stelco was working a three-crew operation, plus an extra turn on Saturday, for a total of 16 turns. Also, its electric furnace was out of commission in January 1986, with a resultant steel shortage through the system. Stelco shifted to the bar side and had

to schedule employees to work overtime to make the switchover, affecting about 250 employees.

Looking at broader causes, Stelco points to fundamental changes in the industry. Until 1981-82, the suppliers dominated the steel industry and the steel mill would be run in increments of 5 turns. Customers were put on allocation if need be or they would build inventory. Neither option is open now. Of necessity, Stelco now is utilizing 16 and 17 turn operations.

Stelco says it is committed to maintaining the stability of its workforce. Stelco is trying to keep people employed even when there are breakdowns. As well, the company has embarked on a major effort to cut down on contracting-out.

Production planning has also changed with the mood of the customers. Stelco can no longer plan operations and schedules for the next quarter. If there is sufficient lead time, the company can recall people, but because of quick market changes, the company takes on the cost of overtime. For example, in the next quarter, over 19,000 tons of hot band production will have to be cut out, which directly affects the hot strip mill. The workers will be kept on and put on No. 3 conditioning. At the same time, inventory accumulation in the auto industry is backing up on the strip mill. It will balance out at 12 turns. After conditioning, the 12/10 mill will go to 20 turns. Then the bar mill will go down for 72 days. During this period most of the overtime will be related to crew training and vacations.

Management views absenteeism as the major single cause of overtime and tends to view it as a general problem that is perpetual. It admits that Stelco may have ben under little competitive pressure during the 1970s with predictable levels of high demand, but with the current financial pressures the company has cut back to the minimum. In this respect Stelco seems to agree with the union. The cutback in crews is directly related to the post 1981-82 recession in the steel industry. In the current overall statistics cited by the company,

absenteeism rates at 4 per cent higher than overtime. Stelco admits, however, that overtime would have registered higher in the 1970s.

There may also be agreement that in the 1970s a person would have had to work an entire 40-hour shift to get an overtime opportunity. Now, overtime can be worked on days off.

On the matter of whether there is actually an available workforce should the company opt to rely on recalls instead of overtime, Stelco had a summer recall in 1986. Currently about 1,000 people are officially on layoff. The skills of these people are very mixed, and some have moved on while others are not interested in part-time or temporary work. To find the 450 workers actually needed, Stelco had to work its way through 800 names on the list, and it feels that it is now down to the residual unemployables. With 16 turns in the rod mill, employees are not going to come in for the one shift a week; with 20 turns, they will come in. This situation is different from the summer problem. In any case, the summer work recall was not made compulsory.

Looking to the future, the revamp of the bar mill will result in significant dislocation owing to technological change. The employees will be re-absorbed and stability will be maintained, but the long-term trend to downsizing will continue. Much of this will be dealt with through attrition. There is trouble ahead, however, with the dislocations associated with the new casters. Because of these long-term changes, this may prove the last summer recall at Stelco.

On the contentious issue of regularly scheduled overtime, in Stelco's view the 21st-turn phenomenon affects very few people from the total workforce. It happens once per week on three galvanizing lines, and even there not for the whole crew. It occurs for some operators and a few ancillaries. In the basic end, the 21st turn is planned on a crewed basis, with some workers occupying mixed jobs on a permanent basis. By contrast, the hot strip mill in 1986-87 is budgeted for 14 turns, with a four-day week every three weeks. Operators will perform some maintenance tasks in order for them to

make up a full week. It is not been raised in the galvanizing department. Nobody is regularly scheduled for overtime at the basic end. In the finishing mills, regular scheduled overtime occurs when shifts move from 15 to 16 or 20 to 21 turns.

As for the electricians on the west side, the company contends that there are none on layoff. In fact, it was even short and could not find the last two people on the layoff list.

As mentioned in its submission, management has concerns about the impact of the collective agreement on the allocation decisions for the workforce. In the trades areas, Stelco management wants to utilize trades beyond the narrow definitions to go into multi-skilling and be able to use the crafts and assigned maintenance people more flexibly. In addition, the definition of trades such as millwright is a problem. Under the agreement there are complex problems with seniority. The overtime grievances Stelco has been receiving are from employees claiming bumping rights to their old jobs, but the bumping rules are complex and do not allow a one-for-one substitution.

As a further indication of future problems, the caster and bloom mill interface will not work in increments of five. Some form of combined seniority units will have to be worked out. Stelco feels that none of the above is appropriate for legislated solutions.

In its overall perspective, Stelco feels that it has to have flexibility in order to survive. That means changes in such factors as internal job duties and work rules. Management thinks that the current law is too rigid and feels an obligation to look for alternate solutions. Overall, management feels that the government has to direct its attention to structural unemployment. Although some creative uses of training funds could be used in steel, government training should be directed toward moving people out of the steel industry and into other sectors for future employment.

The interviews with the local union's executive helped to clarify the issues and pointed out where the parties were apparently

talking at cross purposes. In the union's view, across the plant there is an increased reliance on the use of overtime for regular production and maintenance work.

For example, on holiday relief, management is using overtime to fill in for vacancies. From the union's viewpoint, because of the contractual provisions on vacations, management knows the vacation scheduling in advance and hence could replace such workers without relying on overtime. The roll shop is an example.

The union perspective is that overtime accelerated in 1985. The union sincerely believes that senior supervision in the plant has simply been ordered, in the post-recessing cost-cutting era, to run the plant with a level of staffing defined from above, to recall no one, and to work overtime if necessary. That is, a formula for plant ratios of person hours per ton was set to arrive at a specified level of employment.

The union believes that Stelco is hiding behind the excuse of personal confidentiality so as not to reveal the true overtime statistics. Stelco has already admitted to the local union that it is cheaper to work the overtime than to pay the employee benefits.

The general workforce reductions, according to the union, have come about in a very precise way. For instance in the plate mill, overtime in the past occurred only in situations where someone had missed a shift. A pool of spares was available to cover most situations. However, since the recession such spares have been virtually eliminated as part of a cost-cutting campaign.

This in turn, in the view of the union, artificially inflates the absenteeism statistics in relative terms. For instance, in the cold mill, management cut 400 workers. Now it is common for a person to work an overtime shift on Tuesday and take Friday off. The missed shift on Friday then is listed under "absenteeism." This mill is operating at full capacity or above, because it is the crucial finishing mill for the Hilton Works. In addition, the union says that the company is now taking skilled workers (recorders, drivers,

hookers, crane operators, etc.) and putting them under a "blue permit" under assigned maintenance classifications. This is confirmed by the seniority lists. Yet some of these jobs have been classified as productions jobs -- not assigned as maintenance-- since 1926. This situation is currently under investigation by officers of the Employment Standards Branch.

Another example of the cutbacks in general labourers in the plant is that of the temporary assignees, mostly junior employees, who were traditionally used to fill in from other areas. With these positions cut back, the employees coming in after the layoffs occurred could not adequately fill the jobs, so overtime had to be worked.

The union's alternative is to put workers on split days off. There would have to be several more persons added per crew, but there would be no overtime.

Among the instruments mechanics, cutbacks have meant that overhours are regularly done by a small group of employees working overtime. The union feels that there is a direct trade-off between layoffs and overtime. For instance, overhauls on boilers are not currently being done or they are being done by a skeleton crew and not completed. This situation is currently being grieved.

The issue of spares around the plant is the root of the problem in the union's view. Labour pools are no longer available to fill in and do some of the work. Further, because the training is not there, appropriately skilled people are not available, so overtime results.

At face value, this presents the prospect of management wanting to downsize and the union trying to get the workers back into the plant. In the union's overall perspective, Stelco really wants a reserve of available, cheap, part-time workers outside the plant, with no employee benefits, ready to fill in when it suits the company.

According the union, the 21st turn is regularly worked in the blast furnace without overtime. Days off and rotating days off are used. No. 2 and No. 3 galvanizing produces on 21 turns but needs a bull gang. This could be carried out in a manner similar to maintenance in the coke oven. The crew working days are scheduled for 6 days, but some are given different days off. This requires three extra persons at the bottom, filling in and training.

On the question of the collective agreement, management says that the union's insistence on recall by seniority has resulted in the unavailability of properly trained persons and the overtime is necessary to make up for the inexperience of the employees. The union feels that this problem is circular: the bottleneck is created by the lack of spares who could be trained, but the company cut off the training. If a large group retires in the future, there will not be a properly trained workforce left to run the plant.

In summary, in the union's view Stelco created the overtime problem -- no one created it for Stelco. Stelco probably cannot operate any longer without overtime, but the company has been the author of the situation.

The union has been told that this summer of 1986 will be the last recall. The dislocations with the new bar mill mean that there will be no more room to absorb anyone. The current workforce will be kept, subject to attrition, but those who are gone are not coming back.

The situation was described by members of the Grievance Committee. In reducing the overall workforce from 13,000 to 8,000, Stelco is adamant on no future increase happening in the workforce. There was some featherbedding in the past. Now, Stelco has cut back to where it cannot run the operation without overtime. Stelco is blaming the workers, through the absenteeism argument, but Stelco created the situation, according to the union. Some areas of the plant are in need of more workers, but when foremen request them they are told by higher supervision to use overtime. This leads to

potentially explosive situations where some are given a layoff notice at the same time that they see overtime notices.

The number of grievances on discipline for absenteeism is down considerable. The company complains about scheduling because, although it can force the employee to work 48 hours in the week, it cannot do so for over 8 hours in the day. Workers who refuse are listed as "unjustified absence" -- not a direct form of discipline, but one that can be used as the basis of a culminating incident and in progressive discipline. AS the company suggests, most of the grievances are from persons who are laid off and want their original jobs back, instead of the overtime being worked.

The conclusion, from the union's perspective, is that a bottom-line target has been set by the company in terms of a certain number of person hours per ton of steel produced. The company is able to achieve it through overtime, not through adequate staffing.

Conclusions

Following a review of the submissions of the parties and the interview results, what conclusions can be drawn? First, is there a factual dispute? It appears that both sides are telling the truth as they see it but are pointing to somewhat different areas. There may indeed by a general downward trend in the overall incidence of overtime in the plant as management claims. At the same time, there seems to be good reason to believe that there are high levels of overtime being worked in certain departments or sections. The most detailed review is that being done by the staff of the Employment Standards Branch and the results should be informative. However, one must also be struck by the overall structural changes underway in the industry as described by Stelco management: dramatic workforce reductions, closing of numerous facilities, reducing of existing facilities, and tremendous pressure on costs from imports and changing markets. Acceptance of this general view put forth by management may also lead one to agree with the union's major contention that the workforce reductions have gone so far that this has triggered new problems in the plant, which show up in significant overtime. Specifically, absenteeism now shows up as the major cause

of overtime because the labour gangs that used to act as a buffer have been eliminated. As well, when the downsizing of the workforce is combined with the traditional collective agreement provisions respecting job classification, seniority and work rules, then indeed it seems reasonable to conclude that the plant cannot be run any longer without high levels of overtime.

These conclusions may lead the Task Force to consider whether the overtime "problem" can be solved without linkage to labour adjustment policies in general, and how the parties also may contribute by being urged to reconsider the configuration of their current collective agreement provisions.

AUTO INDUSTRY CASE STUDY

Introduction

The second case study is taken from another classic smokestack industry, the auto industry, as represented by General Motors of Canada. Although the industry has not had the tremendous workforce reductions of the steel industry, it is similar in that it has also been affected by imports, technological change, assembly techniques and just-in-time inventory. It has also been the subject of complaints, by the Canadian Auto Workers union, over excessive overtime scheduling.

Background

In its formal presentation to the Task Force, General Motors expressed the same reservation as Stelco concerning the danger that, owing to the cost and competitive pressures it is under, measures to reduce overtime will not necessarily create jobs and may, in fact, create unemployment.[25]

The North American context of corporate planning, particularly in the auto industry, is an important factor in assessing labour force and labour standards decisions. Allocations of schedules which determine assembly line speeds, the number of shifts, and overtime scheduling are made for Canadian and U.S. plants on an overall centralized basis, as determined by demand for North American

products. Although planned centrally, the allocation process takes into consideration the legislative difference between jurisdictions with respect to scheduling hours of work and overtime. Ontario locations accordingly are scheduled full-production overtime hours within the limitations imposed by the Employment Standards Act. As a result, Ontario locations are currently scheduled for fewer maximum weekly hours of work than are locations elsewhere.[26]

According to GM's figures, for the first four months of 1986, 35,640 employees, or 97.1 per cent of its total Ontario hourly-rated workforce, had not been required to work more than 100 hours in total beyond the 48-hour workweek. This percentage includes those occupations which are considered as an exception to the normal procedure under the two-phase permit system provided by the Act. The percentage of employees for whom second-phase excess hours permits were required under the Act (for hours beyond 48 per week) is accordingly smaller than the 2.9 per cent of the workforce cited as having worked the hours in question.[27]

The general perspective articulated by GM is that excess hours are indeed necessary for a small percentage of employees at most of its locations. GM management states that it makes continuing efforts to avoid requiring excess hours. Despite these efforts, a small percentage of employees have been absolutely required to work excess hours. More restrictive legislation -- or failure under current legislation to grant excess-hours permits -- with respect to the small percentage of required instances, would have serious repercussions on the ability of the majority of employees to work regular hours. Management has been continually planning investments in order to avoid reliance on excess hours and thus avoid the heavy overtime cost premiums which are required under their agreement with the CAW.[28]

According to GM management, flexibility to vary production schedules for short-term demand peaks can be achieved only through the use of overtime. As market trends become more discernible and stable, scheduled overtime can be converted into increased full-time regular employment by means of adding shifts, increasing assembly

line speeds, or converting plants to the products in greatest demand. General Motors plants in the United States and Quebec have historically been more flexible than those in Ontario with respect to scheduling daily and weekend overtime hours of productions. Plants outside Ontario are generally not restricted by overtime legislation similar to that in Ontario. Instead, the U.S. and Quebec collective agreements provide that overtime hours beyond a certain point are optional. That point, for both daily and weekend overtime, is significantly higher than currently provided under the Employment Standards Act of Ontario. It is not unusual to schedule U.S. plants to produce vehicles, when required by short-term market increases, for 56 hours per week on two shifts. Ontario GM vehicle assembly plants, by contrast, are typically not scheduled beyond 40 hours per week on the night shift and 48 hours per week on the day shift.

According to GM, these restrictions have led to a loss of business. In addition, those temporary overtime periods can often be converted to increased assembly line speeds as demand becomes more permanent. Because Ontario plants are typically not scheduled for temporary market increases beyond the limits of current hours of work legislation, Ontario plants may be at a competitive disadvantage in being awarded the conversion of temporary overtime schedules into permanent straight-time hours increases in production schedules.[29]

The tightly integrated and interdependent nature of auto assembly work presents particular problems concerning overtime hours and the rights of individual employees. GM management states that its experiences in attempting to obtain alternate overtime arrangements with unions have led to the conclusion that if mandatory hours of work were reduced, the result would be still lower utilization rates of the facilities. Management claims to have had many experiences in which, during a time of increased demand for product, it attempted to schedule daily shifts of 9 or 10 hours. Although the majority of employees wanted to work the overtime, management was repeatedly forced to cancel the hours beyond 8 per day because a minority of employees exercised their right under the hours of work legislation and refused to work beyond 8 hours. Since assembly lines require a full personnel complement to operate, they

repeatedly had to shut down after 8 hours. Management expressed grave concern that, it the requirements to work become optional after 40 hours each week, for example, refusals would occur in sufficient numbers that the company would be unable to work its assembly lines on Saturdays, thus further restricting GM's Ontario facilities and thereby jeopardizing future capital investment.[30] As a result, GM alone of the major employers appearing before the Task Force explicitly opposed any modification of the permit system that would give the union representation concerning the issuing of a permit.

In regard to the alternative of recalls from layoff instead of reliance on overtime, GM pointed to a number of problem areas. First, it is too costly to train people to ensure product quality for jobs of short duration. Secondly, it is unfair to expect a person to leave a secure job or relocate to a GM plant city when the long-term employment prospects are not reasonably assured. THirdly, it is often not possible to find the people with the requisite skills to replace those performing overtime.[31]

In GM's view, it is inevitable that bottlenecks in its operations will require some employees to work beyond 48 hours per week in order to keep assembly lines running for the normal 40-hour workweek. All their facilities have some points where the process is limited with respect to the ability to increase production through adding additional employees. There is concern that if excess-hours permits are not granted under such circumstances, the majority of the employees will be unable to work their normal 40 hours.[32] Overtime may be required at one plant to permit another plant to meet its schedules. This would be the case for those Ontario plants which product components for GM assembly plants in both Canada and the United States.

This interdependence has been accentuated by the introduction of just-in-time delivery systems. For example, several hundred jobs at the Windsor trim plant provide for just-in-time seat manufacturing for the GM vehicle assembly plant in Detroit/Hamtramack, Michigan. Complete seats are built at the Windsor trim plant and delivered to the Detroit/Hamtramack assembly plant just in time to be installed in

vehicles. The Windsor trim plant schedule can be determined with respect to such factors as models, options, cloth and colour, just 4.1 hours in advance of the time the completed seats are expected to be delivered to the U.S. customer plant. This U.S. plant may, depending on demand, schedule daily and/or weekly overtime in response to market demand. The continued ability of the Windsor trim plant to satisfy its "customer" depends on its continuing ability to maintain just-in-time seat delivery during all hours that its U.S. customer is operating.[33]

Collective bargaining developments in 1984 saw the UAW in Canada negotiate a further inducement to the company to perform work with straight-time rather than overtime hours. Under the negotiated provision, and in addition to the overtime premiums which occur beyond 40 hours each week, the company is required to accrue 50 cents per overtime hour worked into a layoff benefit account. This accrual is required when overtime worked by all employees exceeds 5 per cent of their straight-time hours worked.[34]

Although General Motors stated its strong opposition to restrictive overtime legislation, alternate work schedules, in its view, could provide high levels of facilities being utilized without extensive overtime. This could be done, for example, by employing three crews on two shifts instead of the present two crews. Each crew would work, as a normal workweek, four 10-hour days for a 40-hour workweek. Such a scheme requires six days of operation each week and would normally require utilization of facilities on Saturdays. Such arrangements would have the advantage of creating, potentially, approximately 50 per cent more jobs and output than the current two-shift operations of 40 hours per week. Such arrangements require sustained market demand, and there are many maintenance problems which would have to be overcome. In addition, such systems are inherently less flexible in responding to fluctuations in market demand or other factors which require overtime. Nevertheless, on balance, in GM's view, such arrangements would have merit under certain circumstances.[35]

According to GM management, the issue of volunteering for overtime is not a problem; in fact, the kind of written grievance most frequently received in the Ontario plants concerns employees protesting that they did not receive overtime opportunities worked by other employees.[36]

In summary, it is GM management's view that under the integrated and interconnected system of plants operated by General Motors in North America, further attempts to restrict overtime flexibility would mean fewer operations located in Ontario. Flexibility to schedule overtime is already seen as an area where Ontario has placed itself at a disadvantage with respect to competition for job creation. Further restrictive legislation, or greater difficulties in obtaining excess-hours permits under the current legislation, must be seen as having serious negative consequences on job-creation efforts.[37]

The Canadian Auto Workers took an almost diametrically opposed view in its presentation to the Task Force.[38] In the union's view, if we consider the average hours of work outside the home from the point of view of the family, rather than the individual, we have not been standing still: we have moved backward. On the average, each family, because of multiple earners, is now working more hours of paid labour than it did in 1950.[39] Further, the reality is that industrial workers do not have a 40-hour week since they must work up to 48 hours if the employer demands it. Since the Employment Standards Act was put into place, output per hour has more than tripled while the standard workweek has remained constant.[40]

In summary, in the union's view, while the complex issue of job creation cannot be reduced to the issue of shorter worktime, reduced worktime per worker must be one critical component of a job strategy. In the auto industry, for example, productivity is expected to grow 5-6 per cent per year, which means that what a worker does in five days today, can be done in four days in 1990-01. Productivity growth in some other sectors, such as telecommunications, promises to be even higher. On the one hand, common sense suggests that with the increase in the supply of labour that working women represent, there

is a potential to reduce the hours worked by the rest of the workforce while maintaining our living standards. On the other hand, this same change in society creates a need for reducing the standard overtime week. With both parents working, more time off is necessary to allow some family time and the sharing of typical household chores. This is essential for easing a major barrier to women's equality in the workforce; i.e., their predominant responsibility for the household.[41]

In reply to economic arguments put forth by management such as at General Motors, that any further restrictions on hours of work will destroy competitiveness and cost jobs, there is the partial offset that, in a competitive environment that puts a premium on quality, sustained overtime is bound to have a negative effect on quality, while reduced working hours can be expected to improve both productivity and quality. Furthermore, where the competitive factor is the expense of letting equipment sit idle, this situation can be accommodated by a combination of reduced working hours for the regular workforce and a more creative use of workshifts. The principle of paid personal holidays that was developed in the auto industry, but was subsequently lost, is one concrete example that allowed for full capacity utilization, reduced worktime, and the expansion of jobs.[42]

In regard to the issues of skills shortages and bottlenecks, the union takes the positions that if the problem is a lack of skills, the corporation must document its plans to do the training to develop those skills; and if the problem is the need to keep the facility running beyond 40 hours, the corporation must show that it is working with the employees or their agent to develop new work schedules that combine the pragmatic need of using the facility beyond 40 hours with the principle of creating jobs by reducing the regular average workweek to 40 hours.[43]

Interview Results

Interviews were held with senior management and union representatives.

The Task Force requested specific statistics on the GM situation that provide greater detail than do the broad averages supplied to date. Among the details requested were greater breakdowns in terms of hours by such categories as 40-44, 44-48, over 48 hours. Management undertook to provide further data.

According to GM management, General Motors may not be typical of the rest of the auto industry in that it internally produces a disproportionately high percentage of components.

GM and Stelco were two of the few companies that explicitly stated that they do regularly schedule overtime as a standard feature in their operations. In reply to the union contention that GM has relied on overtime to avoid plant expansion, the company concurs, at least in regard to the Scarborough van plant, with Bob White's contention that there is clear sustained demand sufficient to warrant the movement way from regular overtime scheduling. However, at that particulary physical site, there is absolutely no option to expand the plant; there simply is no room.

In regard to any new overtime developments in the post-recession period, GM maintains that it is not working more overtime than before the recession. Management says that it did not think about the situation until the permits become harder to get, and that few statistics are available on the early period. Each location received its own permits, with little difficulty.

In its broad perspective on production planning and scheduling, the GM perspective is that the line speeds are set for maximum production. Overtime tends to build up before an increase in the line speed, as existing capacity is pushed to its limits. Changing a line speed involves a major investment decision, with retooling, re-engineering and restructuring. Hence, there is a reluctance to make such a line-speed change unless the demand change is perceived as permanent; in the interim, overtime is used as an alternative.

Investment decisions are coordinated on a North American basis. In the internal bidding for General Motors' investment dollars, the Canadian section of GM feels at a disadvantage over its inability to schedule a full 56-hour week. It feels it is beyond the local management to influence decisions on overtime or investment either way and acknowledges that fringe benefit costs and the exchange rate help offset this disadvantage. General Motors has adopted a strategy of "security of supply" in which it seeks to line up component plants here to supply the Canadian market, with the spillover going to the U.S. GM is quite bluntly trying to make the U.S. assembly plants less vulnerable to CAW strike action.

General Motors sees the CAW as holding the schedule of 8 hours per day, 6 days per week, as sacred; changing it would lead to a strike. GM has all but given up on the Saturday night shift, and has stopped threatening to discipline those who refuse to work that shift. The union appears to want the situation whereby the Saturday night shift is completely voluntary.

It is GM's position that if it went to the straight 40-hour week with only voluntary overtime, it could not solve any production problems that may arise. For example, a problem with camshafts would require overtime on the weekend to solve the problem and to get all the parts together to run a full 40-hour production level on the assembly lines during the regular week. If overtime had to be voluntary, GM could not be guaranteed of solving that production problem over the weekend.

Ford apparently has received permits to work its tradespeople on repair jobs on the weekend, but General Motors does not have that problem. The problems GM has are typically at the beginning of a new model year, and they are associated with perfecting the new models. Such production and quality problems smooth out as the model year goes on and hence the need for overtime diminishes. If GM could not have the 48-hour week, then it would have to cut back the assembly lines because of component defects and the problems associated with new model changeover.

The just-in-time (JIT) delivery system looms large in regard to the future and the restructuring of the industry. The seat plant in Windsor, for example, is becoming increasingly more oriented to the supply of the Detroit assembly plants. The differences in the scheduling between Windsor and Detroit will mean future problems.

JIT will have a relatively greater effect on the component operations than on the assembly operations. For example, the $2 billion investment plan for Oshawa will mean that stampings for the skin of the car will be done in Oshawa for the first time, instead of relying on a plant in Ohio. It will now be done next door to the assembly plant. In the future, the feeder plants will have to be located relatively close to the assembly plants. Also, JIT component plants have to work when the customers work. There will be greater pressure on quality and delivery on the feeder plants and feeder plants may have to work overtime just to keep the assembly plants running. Within the assembly plants the pressure will be on maintenance and materials handling. Indeed, JIT may require a new definition of an "emergency" in the legislation and regulations. The greater the computerized integration and coordination of production, the greater the vulnerability to breakdown.

The new master agreement with the union contains a provision for several pilot projects on alternate-hours schedules. However, nothing has yet been seen in this area. The 100 employees of a small plant in Ste. Therese work 8.5 hours Monday-Thursday and 6 hours on Friday. A changed schedule to 10-hour shifts for 4 days per week, with three crews working two shifts, would reduce overtime and result in 50 more production jobs. The company would like to make this change, but it wants an overtime payment waiver to keep the costs down.

In summary, General Motors says it must have trained people, because otherwise bottlenecks develop and production is disrupted. Overtime is seldom worked unless it is to fill all the jobs on the line. In GM's view, if there is abuse it is with employees working days Monday-Friday, then filling in for those missing the Friday night shift.

The union interviews provide a different perspective. The union assessment is that General Motors is of the view that it has a right to a compulsory 8 hours per day each week, including weekends, and regularly plans and implements a 6-day-a-week production schedule. In St. Catharine's, for instance, employees work a combination of 6- and 7-day per week schedules. Also, because the Scarborough van plant is on a physical site that cannot be expanded, regularly planned overtime shifts are scheduled to meet the demand.

Ford has a 4-day, 10-hour operation, but actually includes two systems: one is 6 days, with overtime only on the sixth day; the other is a 5-day schedule of four 10-hour days plus 8 hours on Friday.

When market demand is sufficient, GM in Oshawa regularly schedules work every Saturday. Such work is known a month to a month and a half in advance, and hence fully qualifies as regularly scheduled overtime. The maintenance trades continually have very heavy overtime schedules.

The union perspective is that overtime basically varies with the market, with no basic change having occurred before and after the recent recession. As is the case with management, unions see just-in-time delivery as increasing overtime.

In the 1984 negotiations, GM made a major presentation on the need for greater "flexibility" in overtime scheduling. However, it was not offering anything to the union in return. Essentially, this implied more rigid managerial control with no connection with reducing overtime.

The companies have sought relief on overtime schedules to match the 9 hours per day available in the United States. Some Canadian plants now work overtime on the U.S. statutory holidays to sustain the flow of production.

Other companies have taken different approaches to deal with overtime in their collective agreements. Indeed, GM is the only car company that relies on the Act rather than negotiating comprehensive provisions into the collective agreement. There are better safeguards to guard against overtime abuses. For instance, in the Ford agreement at Oakville, there was a drastic reduction in the amount of Saturday work after the negotiation of the 1973 contract. In fact, both Ford and Chrysler have negotiated other arrangements, while GM has relied solely on the legislation.

Conclusions

The auto industry, like the steel industry, regularly schedules overtime into its production cycle and continually builds in the cost of such overtime. Both the union and management agree that the level of overtime largely is a function of demand. It is a well-known fact that the auto industry has been booming in the post-recession period and, as a result, overtime levels are up. The union view that management holds back on introducing new plant and capacity until there is evidence of sustained demand was confirmed in the interviews. This is, of course, linked to the cyclical factor.

Because workforce reductions in the auto industry have not been as prominent as in the steel industry, the contentious issue of the simultaneous existence of layoffs and overtime has not arisen. Therefore, the parties have relied upon conventional collective bargaining to deal with their overtime issue. However, the clear prospect of major restructuring in the auto industry in the coming years, in response to such factors as new technologies, shifting facilities, and just-in-time delivery, means that workforce dislocations may bring increased pressure on the overtime question. Such pressure may require new responses in the areas of collective bargaining and legislation or regulation.

TELECOMMUNICATIONS INDUSTRY CASE STUDY

Introduction

The third case study is taken from the telecommunications industry, a so-called high-tech industry and the antithesis, in most people's

minds, of the classic smokestack industries such as steel and auto. The specific case is taken from the Northern Telecom plant in London, Ontario. The plant, in which telephones and other devices are assembled, represents a model of the leading edge of advanced manufacturing with its large-scale use of robotics. At the same time, the plant has been the site of complaints by the Canadian Auto Workers Union over simultaneous high levels of layoff and overtime, as well as the use of regularly scheduled overtime.

Background

In its formal submissions to the Task Force, Northern Telecom took the position that any major changes to the employment standards legislation of the Province could seriously affect the delicate balance between success and failure in international markets. Northern Telecom stated that overtime had remained relatively stable, or had decreased slightly, during the past several years at its Ontario operations. Further, it took the position that restricting hours of overtime could lead to a decrease in employment and future investment in the Province.[44]

Northern is the world's largest supplier of fully digital telecommunications systems and is a leader in information-management systems for offices. It operates in more than 90 countries and has almost 15,000 employees in 10 Ontario communities.[45]

According to management, as a percentage of total hours worked, overtime has either remained stable or declined in Ontario since 1981. At the Brampton plant, which has the largest amount of overtime of the Ontario facilities, overtime worked by salaried employees has decreased from an average of 6.5 per cent of hours worked in 1981 to a current level of approximately 4 per cent. Similarly, overtime hours worked by production employees have decreased from an average of 5.3 per cent in 1984 to a current level of about 4 per cent.[46]

In the broader perspective, Northern emphasized that the world is becoming a single market, shares of which are being pursued by a growing number of capable competitors from both traditional

manufacturing nations and the rapidly industrializing Third World. For example, Northern faces growing competition from such companies as AT&T and IBM of the U.S., Siemens of West Germany, L.M. Ericsson of Sweden, NEC and Fujitsu of Japan, Cit-Alcatel of France, Plessey of the U.K., and numerous smaller companies in North America and the Far East. For this reason, many Northern Telecom jobs in Canada depend directly on the ability of the company to maintain its international competitiveness because more than one-third of these jobs (totalling more than 8,000) are supported by sales outside Canada. In Ontario, more than 5,000 Northern Telecom jobs are dependent on the company's success in foreign markets.[47]

The primary reason given for working overtime at Northern Telecom is to meet domestic and international customer commitments on time, and with quality products. Flexibility is a necessary ingredient for success. For example, because of volatility in the market, particularly in the United States, there is considerable fluctuation in demand for digital switching equipment manufactured at the Brampton facility. In management's view, it is impossible to plan precisely, so as to balance the inventory and workforce requirements against the need to produce a high-quality product. Cost dictates that Northern Telecom does not staff for either the peaks or the valleys of production in its operations. The company can neither wait until an order is received before hiring, nor lay off employees once an order is complete. A pattern of continuous cycles of layoff and recall also would be difficult on the workforce. Overtime is one of the methods by which the Bramalea facility is able to handle some of the volatility in the market.[48]

In summary, Northern management is of the view that if further legislative restrictions on overtime were imposed, one option would be to overstaff. However, this would be too costly and could result in a decrease in employment in its Ontario operations. To Northern's management, the formula is simple: higher labour costs mean higher product prices, resulting in lost orders and fewer jobs.[49]

The union submissions focussed on the issue of the granting of overtime permits while its members are on layoff and large numbers of

Canadians are out of work. In the union's view, the issuing of overtime permits exceeds any realistic needs and, in light of the huge profits being made by the corporation, reflects a cynical disregard for the high levels of unemployment in the country.[50]

In the union's view, workers are forced by the pressure of perceived layoffs to work as much as possible before they too are laid off. As companies continue to install robotics and automated systems, workers are drawn into a cycle of increased hours, layoffs, loss of seniority and a constant erosion of purchasing power. Instead of an equitable sharing of the benefits of new technological advancements, many people are working long hours while their co-workers are scheduled for layoff. Overtime, which once may have generated a feeling of prosperity and security, now only means more time spent at the workplace with the guilt of knowing that fellow workers are, in their eyes, unnecessarily out of work.[51]

In support of its view, the union cited numerous local statistics from Northern facilities in Ontario. For instance, in the Brampton office the present workforce of 762 worked 13,900 hours of overtime between January 1 and January 20, 1986. In the Brampton plant, with 700 people on layoff, 220,000 hours of overtime were worked from January to November 1985. In the London office, with 21 people on layoff and 139 working, 770 hours of overtime were worked between December 14, 1985 and January 11, 1986. In the London plant, with 793 currently working and 300 on layoff with recall rights, and 600 more having lost recall rights on layoff, in excess of 48,000 hours of overtime were worked during 1985. At the Kingston plant, there are 343 now working, with 20 on layoff with recall rights and another 65 who have lost recall rights. During the first 11 months of 1985, over 36,700 hours of overtime were worked in the Kingston plant.[52]

Interview Results

In the interviews, Northern Telecom management at the London plant took the position that it does not have regularly scheduled overtime as part of its ongoing production-planning and scheduling. Employees

at the London plant work a five-day, three-shift-per-day operation, although only parts of the plant work the full 24-hour cycle.

The requirements for overtime, apart from unanticipated orders or breakdown problems, emanate from machine capacity problems, particularly in the plastic moulding and coil departments. For example, a recent unanticipated and nonpermanent order required additional product lines. The hope is that the addition of "multi-cavity" machine tools in the future will ease the problem.

The London plant is both a producer and a supplier (about 40 per cent of its production is to supply other Northern plants), and so is affected by just-in-time delivery requirements. The standard workweek is Monday to Friday. Crews are solicited for six shifts on the weekend, for parts of the plant. The final assembly department has been working heavy overtime caused by order delays, short order times, and adjustments to new products. Management does not view this as regularly scheduled overtime and does not like the extra expense it entails. Such overtime is in response to customer demand and the fact that the introduction of a new model line is five months behind schedule.

There is also a new cord process that is experiencing implementation problems. Crews are working Monday to Friday plus one or two shifts on the weekend.

The London plant provides a servicing function to the main repair facility in Toronto. There previously was a 4- to 6-week time horizon for repair work, but the time now fluctuates weekly. Just-in-time delivery systems (involving 10 per cent of former inventory levels) have had a dramatic effect on production and planning, reducing a 4- to 6-week order time to 2 weeks. Also, the London plant has to adjust to the schedules of other Northern plants for which it is a supplier.

According to local management, the London plant has reduced its overtime and aims to reduce it further. Increased automation has played a part. As well, operating time of the machinery has

increased. Management has undertaken to provide statistics on these trends.

This year, production volume has increased; overtime has increased too, but not in proportion to the increased volume. The bulk of the overtime, according to Northern's submission, arises from machine capacity problems and bottlenecks in the plant.

The plant now purchases many of its components, rather than making them, as in the past. As a result, the plant is more vulnerable to parts supply problems and must rely on overtime to meet production commitments.

Machine capacity is a significant source of overtime. The cost analysis used by Northern Telecom requires a payback period of two years for new investments. The general manager of human resources said that never in his time with Northern has the plant utilized overtime rather than recalling someone on layoff to avoid nonwage benefit costs. The use of overtime has been based completely on production requirements and the availability of skills. Overtime and recalls have existed hand in hand.

In recent years, the issue of overtime and workforce reduction have been intimately connected to the restructuring of the plant itself. The plant makes telephone sets in various product series and has recently introduced many new models, and at a quicker rate than in the past. As well, the plant has focussed on reducing the amount of "work in process."

There has been a dramatic change in the London plant during the last three years, with a wholesale shift away from elctro-mechanical devices and to electronic devices. As a result, the workforce has decreased by half in five years. The production time for a new telephone has fallen from 28.5 minutes to 7 minutes. The workforce reductions and layoffs have almost completely been the result of the elimination of the electro-mechanical products.

The London plant has a blue permit and has recently been functioning on special permits. The contract allows mandatory overtime; however, sufficient workers have been available on a voluntary basis.

Overtime is caused, in part, by the limited number of skilled workers, since a small number of trades support a large production workforce. There are setup crews who work weekdays, as well as those who do a small amount of weekend work. A larger amount of machine repair and overhaul work is carried out by the trades, who experience difficulty getting to the machines during the continuous production during the week. Preventive maintenance is planned ahead of time and scheduled for the weekends and on the third shifts during the week in which production on the machines is based on two shifts. At times, a line is put down for maintenance.

Because the plant has undergone many rapid changes in recent years, whole departments have disappeared. There was widespread bumping in the plant as the workforce reductions took place. As a result, production problems occurred as people moved into unfamiliar areas. Overtime was one of the consequences. A large number of new products have been introduced since 1980, with the life cycle of the new products being reduced from 30 to 5 years.

In the last round of bargaining, the collective agreement has put some restrictions on bidding and bumping into departments. Job descriptions have been broadened to allow greater management flexibility, with the unions somewhat reluctantly living with the new situation.

Northern has been dramatically affected by deregulation in the telecommunications industry, especially with the disappearance of the automatic reliance on Bell for orders. There are new domestic and foreign competitors. To produce new products, Northern has relied on overtime to overcome both the start problems and the threat of competition.

Plant management looks at the staffing requirements on a weekly basis, at a regular Wednesday meeting. Management prepares a six-week projection that includes overtime and weekend work. The schedule is based on the matching of production requirements and workforce availability. If the matching takes more than the training cycle, employees are recalled according to seniority. There have been three recalls this year, and another is planned.

Employees complain of the co-existence of layoffs and overtime. The union has raised objections of management utilizing overtime in areas that were not already using a three-shift operation.

In the specific case of the London plant, there seems no doubt that an available, alternate workforce exists. Because of the substantial layoffs (the junior employees still in the plant have 12 years' seniority), experienced and qualified employees are still available for work. They may be working somewhere else, but they respond readily to recall.

Management's perspective is that the plant has now regained, in 1986, its revenue level of 1981. However, there has been tremendous downsizing and shifting product lines, as well as the purchase of new equipment. Overtime allows the flexibility to meet unforeseen orders or unanticipated problems.

In the future, a temporary workforce may be a permanent feature of such advanced manufacturing plants as Northern in London. This is not company policy, but individual managers agree that they would like it. Ideally, very high volume could lead to permanent recalls; however, this is unlikely to happen. A temporary workforce may be an inevitable part of the forthcoming different production and product cycles. Temporary workers are available now in part because of recent layoffs, good wages, generous layoff benefits in the collective agreement, and the fact that most of the workers are second-income earners. About 70 per cent of the workforce are women, and an even higher percentage of the laid-off workers are women.

According to he union interviews, most of the overtime problems at Northern Telecom have been in the production and maintenance groups, which account for 90 per cent of the overtime. More recently, they have been showing up somewhat in the office group.

In the union's view, the overtime issue is an issue of job loss. This, combined with the expected impact of technological change, particularly robotics, results in apprehension about tremendous job dislocation and job loss from technology and excessive overtime combined.

The union believes that there has been a great increase in overtime in recent years. This might not have been such a contentious issue if there had not been large-scale layoffs at the same time. This has tied the overtime issue into that of job loss.

The union perceives that maintenance workers have always worked substantial overtime (to the limits of the law) and that this has not changed in recent years. Layoffs and overtime have occurred simultaneously in the assembly and basic manufacturing operations: London 1,100 employees with 300 on layoff; Belleville, 950 employees with 194 on layoff; and Bramalea, 2,350 employees with 700 on layoff.

In regard to the London plant, the union recognizes that this is the only appliance (telephone) manufacturing site that the company has in North America. The entire industry has only three such sites in North America, the others being in such locations as Korea and Taiwan. Therefore, there is a great sensitivity about international competitiveness, although the company has admitted, in collective bargaining, that the plant is profitable.

Overtime has declined in very recent months at the London plant, apparently due to a softening of the market and the introduction of new robots to smooth out the production flow.

The union stands by its contention that the company is regularly scheduling overtime although Northern Telecom denies that

this is part of its production strategy. In response, the union argues that the company knows its production schedules well in advance, in part because it is extremely sophisticated in anticipating maintenance problems and even allowing for breakdowns.

Northern Telecom is just now moving into just-in-time delivery, and the union believes that they will increase the amount of overtime in the future. Northern Telecom used to stockpile heavily and then guarantee instant delivery.

In collective bargaining, Northern Telecom has complained about the training issue but has not proposed to do anything about training or the production problems that arise out of the contract. In its submission to the Task Force, Northern Telecom expressed concern that the contract did not provide for part-time and temporary workers. In the union's view, the contract does not ban them.

In its overall perspective, the union in the past has sought to divide the "economic pie." In the future, it will have to try to divide a "time pie." For instance, a phone used to take 30 minutes to assemble; with robotics, it now takes 9 minutes. How is the net time reduction to be apportioned? The union will have to bargain over working hours in production. The only solution in the long run is the shorter workweek, along with the elimination of overtime as a "normal" part of the production week.

Conclusions

Investigation of the London Northern Telecom plant confirms the issue that the union was most concerned about: the simultaneous existence of overtime with long-term layoffs. However, the roots of the problem go to the issues of massive restructuring of Canadian manufacturing, as witnessed by the dramatic product shifts and robotics at the plant. The overtime issue in this case may be overshadowed by the labour adjustment issue.

PAPER INDUSTRY CASE STUDY

Introduction

The fourth case study examines overtime issues in the pulp and paper industry. This is the third example of a traditional smokestack industry (following the steel and auto case studies). But while the paper industry's level of capitalization per employee and continuous process production are similar to those of the steel industry, in the former the parties have made arrangements to solve the continuous process and 21st turn problems without relying on overtime. Similarly, the paper industry does not rely on regularly scheduled overtime in its production planning. Neither the paper companies nor the Canadian paperworkers Union (CPU) made formal submissions to the Task Force. Therefore, the case study was dependent on the interview process.

Interview Results

Mr. Fitz. Allison, as Task Force member and Vice-President, Industrial Relations, of Abitibi-Price Inc. agreed to interviewed to present a perspective on the industry. Abitibi-Price was not a "problem" case with respect to overtime, as were Stelco, GM, and Northern Telecom. Hence, Abitibi-Price (and other firms in the industry) might be referred to for alternate approaches for solving problems.

The Paperworkers Union has not raised overtime as a problem at Abitibi-Price. It has been raised as an issue by the union with respect to some packaging plants, but Abitibi and most of the other major producers are only in the primary mill end of the business.

On the matter of regularly scheduled overtime, Abitibi, like most of the industry, has a policy of not having regularly scheduled overtime. To sustain continuous process operations and at the same time avoid regularly scheduled overtime, the forest industry operates on a "southern swing" shift system whereby the workers are scheduled in such a way that the average is 42 hours per week and avoids overtime. The notable exception is Canadian International Paper, which operates on a 40-hour week accomplished through a highly irregular swing shift system.

There are a few operations as well that utilize a compressed workweek of 12-hour days, 4 on and 4 off. This arrangement was implemented without the need for a special permit.

The paper industry also deals with continuous process operations without overtime through the mechanism of the "spare list" to replace workers who are away because of such factors as absenteeism or vacations. Under the spare list system, when a regular employee is absent another regular employee moves up into his/her place, and the spare list person fills in behind. This means that the spare list people are filling in the lower-skilled jobs. The trades are unaffected, except for someone filling in as a helper.

In this way the industry may be carrying more personnel than it otherwise might need. However, vacations and absenteeism are relatively predictable, averaging 3-4 per cent of working time. Many on the spare list get a regular four full weeks in the scheduling cycle. There is no guaranteed level of hours for those on the list.

The spare list system, which varies seasonally, is a long-standing tradition in the industry. It has not changed, either before or after the recession, and it seems to have been integrated into the paper town environment. The list also functions as the entry system for new recruits, including tradespeople, into the industry.

Maintenance trades people are essential for the sustaining of high operating levels. However, most work days, Monday to Friday, with only a few on shift. Periodically there is a maintenance day on which a machine may go down for regular repairs. In this case there may be a 12-hour maintenance shift, including four hours of overtime, but it is not a routine feature of scheduling.

While both the steel industry and paper industry are large scale, capital intensive, continuous process operations, it appears that steel mills tend to go down for maintenance a whole mill at a time while paper goes down a machine at a time.

In the paper industry, the future lies with conversion from newsprint to specialty products and higher value-added. Changes such as fewer papermaking machines and computer controlled operations are affecting the overall employment levels, rather than the hours of the remaining employees.

In regard to collective bargaining on hours of work, the CPU has been seeking the 37.5-hour week unsuccessfully in British Columbia and Ontario. Quebec is alone in changing to the 37.5-hour week, being led by the agreement between the CSN and Domtar. A 37.5-hour average week is worked, based upon a 6-days-on and 3-days-off, 18-week cycle. The employment generation is about one additional job for every seven current employees. To get the 37.5-hour week, the CSN gave up the Sunday premium and shift differential; however, these concessions were later gained back. The focus of the CSN campaign was on total hours and total employment, rather than being an overtime dispute. The CPU has been seeking a reduction in hours without maintaining full pay. It has encountered membership resistance and has proposed local options for a vote by the membership. The resistance by Abitibi-Price is over the cost of benefits for the additional employees (estimated at 400 employees). It was raised at the last round of bargaining in 1984 and the estimated impact would have been about 3 per cent of payroll.

The union view was given by Don Holder of the Canadian Paperworkers Union. At least in terms of the primary mill operations, the union position is that there are some overtime problems relating mostly to maintenance trades across the industry, but that much more serious problems exist with Boise Cascade over the machine operations. These problems relate to excessive overtime, compulsory overtime and voluntariness, discipline and crewing.

Across the primary end of the paper industry, the union sees only one consistent problem: the question of maintenance scheduling. In the union's view, the industry, including Abitibi-Price, has a philosophy of running its plants flat out, then having a 12- to 24-hour maintenance shift worked at overtime rates. For the other

workers, overtime in the industry is accounted for by double sifting to make up for absences by employees.

At the conversion, or packaging, end of the industry there are a number of overtime problems. This part of the industry operates on a standard five-day week, so there are overtime issues in the smaller converting plants relating to weekend schedules.

According the Holder, the union has never allowed the employers in the industry to practise regularly scheduled overtime work. Many of the mills are old and therefore experience an above-average number of breakdowns and repairs. In theory the industry has a voluntary overtime practice. This work fine until it runs out of volunteers, and then pressure is exerted. However, most of the time enough workers volunteer.

In general,the greatest problem in the union's view is that the industry has been undergoing considerable modernization and change. At the same time, the level of crewing has been cut back dramatically.

As stated previously, maintenance overtime is the greatest problem in the industry. Through cutbacks and attrition, the employers have reduced maintenance crews so that they now have to rely on overtime and contracting out to cover their maintenance needs. This is true even where all viable maintenance crews work overtime on a voluntary basis.

The union sees the unwillingness of employers to assume responsibilities for the cost of employee benefits as the major reason they rely on overtime instead of recalling workers or hiring new employees. The benefit-to-wage ratio in the industry ranges from 35 to 45 per cent, although the union feels that these figures, all of which are from the employer's data, may be inflated.

The swing shift of an average of 42 hours has ben accepted by the union and the workforce as preferable to the previous 40-hour

swing shift with irregular days off. The union's objective, however, is to adopt the new schedule of the Ontario Paper Company at Thorold. In this case, the employees work 6 days on and 3 days off, for a 37 1/3-hour average per week over a 27-day schedule. This is the pattern for 99 per cent of the paper industry in Quebec. It is estimated that this adds about one additional new job for every 8-9 existing jobs. Because Sundays are paid at time and a half, the 37 1/3-hour week yields the same income as the 40-hour week. The union in effect would be agreeing to a reduction in hours, without fully retaining 100 per cent of previous pay (taking into effect the Sunday premium hours). In its view, this concession offsets the company concern about the increase in payroll cost of adding new employees. The net result, according to the union, is a reduction in hours, the same net pay, and an increase in employment.

The employers, by contrast, want a compressed workweek of four 12-hour shifts.

Depending upon their seniority, some employees in the spare crews may retain or regain their benefits with reduced qualifying periods. The "pool gangs" have increased in recent years because of layoffs. For example, at Iroquois Falls there are 10-year employees on the recall list.

Holder agrees with Allison's description of the spare list being used as an entry mechanism to jobs in the mill. In his view it has played a minimal role on the overtime issue because most of the overtime relates to the maintenance trades, and they are not part of the spare list. Most of the shortfall on missed shifts is covered by asking current operators to work a double shift, although some supervisors may call in someone from the spare list.

The compressed workweek of 12-hour shifts has been introduced in Dryden, Red Lake, and Thunder Bay by Great Lakes, Domtar, and Abitibi. The union objects to such shifts because they have a negative impact on employment. When workers work four day off and four days on, there is a reduction in the net absences due to statutory holidays, since workers have to exchange 8-hour statutory

holiday benefits for 12-hour shifts not worked. The net results are that workers are actually off the job two fewer statutory holidays per year, which translates into fewer net jobs. As well, the prospect of losing 12 hours of pay instead of 8 hours means that there is a reduction in the amount of absenteeism. In addition, where the 12-hour shifts have been introduced there has tended to be an elimination of the labour pools.

As mentioned earlier, according to the union the main overtime dispute in the paper industry is taking place at Boise Cascade in Fort Frances and Kenora. Management has been cutting back crews and integrating jobs to trim operating cost. At the same time it has been forcing employees to work compulsory overtime. The CPU represents the machine operators at these operations, and these groups have been at the centre of the dispute. There are grievances on the matter, which should be pursued. In addition, as a post-recession cost-cutting move, Boise eliminated its spare crew, leading to more overtime, most from double-shifting. As well, Boise is pushing for the 12-hour shift system, having already put its supervisors on such a system.

There have been cutbacks in maintenance as well but these are represented by the International Association of Machinists. In the union's view, Boise simply went too far in its cutbacks and now cannot run its plants without overtime. The overtime issue has arisen mostly after the recession.

It seems clear that both sides see a major issue in the area of overtime and scheduling. They have competing philosophies for resolving it with the union advocating a 37.5-hour week, and the employers advocating the 12-hour-day compressed workweek. Both sides appear to be headed for a major conflict over the issue in the bargaining of a new collective agreement in the spring of 1987.

Several years ago, when the industry was given significant government assistance to modernize, the union argued that some of the money should be put aside to offset the cost of moving to a 33 1/3-

hour workweek. This did not happen, however, and the union had to negotiate such changes at the bargaining table.

Finally, there may be a greater amount of overtime in the woodcutting sector than in the paper mills, particularly in regard to weekend overtime work, because of the seasonality of the work.

As mentioned previously, the major problem in the industry is at the packaging end, not in the primary mills. Small converting plants, such as those around Toronto, work significant amounts of overtime due to the fact that they are on straight five-day operations and the overtime arises mostly in regard to weekend work. It is not "regularly scheduled overtime" in that management claims it occurs because of short-term, unforeseeable customer demand. The union has suggested that these plants add to their afternoon shifts, which are still running at less than full capacity, or even add a midnight shift.

Management has consistently refused. In the union's eyes this is because management has decided on a set number for its workforce and has been instructed not to exceed it. Management would sooner incur the overtime costs than add new employees and assume the employee benefit costs.

Conclusions

The paper industry example stands out as an interesting contrast to the steel and auto industries. It has adapted to continuous production scheduling without overtime, both through the southern shift system on hours and through the spare list for crewing. Indeed, in the primary mill operations, the only major question relating to hours of work refers to the across-the-board issues in bargaining between the two parties over general reductions in worktime and the terms involved.

The exception, based on the union's information, is the Boise Cascade situation. If the union's perception is accurate, then this situation would seem to bear a strong resemblance to the Stelco case in which the post-recession reduction of the workforce and

restructuring of capacity have raised the overtime issue in a contentious fashion.

MANUFACTURING INDUSTRY CASE STUDY

Introduction

The fifth case study looks at a general manufacturing plant, the Butler Metals plant in Cambridge, Ontario. This example was selected not because it has any publicly acknowledged overtime problem, but because it represents a general manufacturing facility, a metal-stamping plant, that is undergoing a fundamental restructuring. Advanced robotics and just-in-time delivery systems, along with other changes, may make this an indicator of "typical" changes under way in general manufacturing in Ontario.

Interview Results

Butler Metals has not ben one of the cases of overtime problems presented over the past year by the media and leading to the establishment of the Task Force. Nonetheless, it has had an overtime "problem," the sources of which are a major expansion program, the expectations of the employees, and the requirements of the auto industry, especially from just-in-time delivery. In 1986, the plant worked virtually every weekend. Overtime currently accounts for up to 30 per cent of payroll costs.

Overtime covers virtually all its plant, because the service departments all are geared to the production units and are now regularly scheduling overtime. However, it is Butler's policy to plan to work without it. The company is in the midst of a major expansion, and, with new capital equipment and improvements in procedures, it aims to eliminate overtime.

A new computerized manufacturing system will improve efficiency and co-ordination for the control of inventories, scheduling and materials. With greater co-ordination and flexibility, Butler hopes to eliminate major fluctuations, as well as to improve its ability to respond.

The corporate policy is that neither management nor the employees want a regular third shift arrangement. At present the day shift involves five 8-hour days, and the night shift involves four 10-hour days. In the future, the company would like to have four 10-hour days for both shifts and have Friday open for the maintenance that now tends to be done on a third night shift.

Much of Butler's business is dependent on the future of developments in the auto industry. Once the demand stabilizes, production can be planned without regularly scheduled overtime.

Another part of the solution involves "engineering out" the problems. For example, the very tight design of dies in the industry is the key to "right the first time" production. Much of current overtime is caused by inventory problems with Butler's suppliers, particularly the steel companies, not delivering consistently. The sources of overtime, in Butler's view, do not lie simply with demand fluctuation; they are also related to just-in-time delivery and quality issues.

The stamping industry as a whole still believes that overtime is necessary in order for the industry to function. Butler disagrees, in part because it does not accept the proposition that new recruits will necessarily cost more money. In the future, Butler feels, its increased use of robotics will stabilize the flow of production and result in more consistent quality, both of which will reduce overtime.

Conclusions

The Butler case is an interesting example of general manufacturing in transition. Through new techniques the company appears to be trying to engineer out the overtime problems. It was confident that ultimately it can run its plant without relying on regularly scheduled overtime and still deal with the problems of just-in-time delivery and changes in the market. The company also stressed the role of product quality as a factor in overtime and aimed, like the Japanese, to use such procedures as statistical process control and major investment in new dies to ensure that the quality is there the

first time. As well, Butler emphasizes preventive maintenance. In management's view, these approaches should remedy two prime causes of overtime -- machine breakdown and waste product.

WEEKEND WORKER CASE STUDY

Introduction

The sixth case study is not a case study in the sense of the others. Although not directly related to the overtime question itself, the weekend worker initiative taken by 3M Limited and the Canadian Auto Workers in the London, Ontario plant has aroused considerable interest. The initiative involved a new provision in the collective agreement providing for special weekend shifts in which employees would work a 24-hour shift on Saturday and Sunday, for 40 hours' pay. This innovation attracted considerable attention both as an approach to overtime specifically and to the general hours of work question.

3M Plant

The overall workforce at the plant comprises about 320 employees. The product lines are broken down by division, with specific machines geared to only one product line. Each runs as a stand-alone; production does not flow to other plants for further processing. At the front end each buys its own raw materials and is not dependent on other manufacturers. The 3M plant is not externally affected by just-in-time delivery systems or production. It does a small amount of traditional business with GM and Ford.

According to the CAW, over the years there had been a continuing "excessive" overtime problem at 3M in London, which the weekend worker experiment is now trying to remedy.

The spokesman for 3M management stated that the objective of management has been to try to work capital intensive equipment on the basis of 24 hours per day, 7 days per week. Management has tried to do this on a voluntary overtime basis, but without much success.

In 1974, management tried to go to a four-crew operation as worked by 3M's operations in the United States, but the UAW rejected

the plan, threatening a strike. Management tried again, without success, in the 1977 round of bargaining.

Management's experience was that it was getting a 70-75 per cent response from employees on a voluntary basis. Most workers over 45 years of age simply did not want to work on the basis of 7 days per week.

At the same time, management determined that it needed export business in order to be commercially viable and cost effective, and for that it needed to operate 7 days per week. About 20 per cent of 3M's business is for export. Management considered a 5-day workweek, but its cost analysis indicated that it would not be able to sustain its export business. It would also raise costs on the company's other products.

Management raised the prospect of a 12-hour shift on weekends, with one crew off each weekend, but that was not found acceptable. It proposed an 8-hour weekend shift, but that was not accepted either. However, these initiatives provided the germ of the idea of the special weekend shift schedule.

In late 1984, 3M raised the proposal of the "weekend worker' and south to re-open the collective agreement mid-term to provide for this kind of an arrangement. This did not occur, however, in the regular negotiations in 1986, the weekend worker proposal was raised and agreed to by the parties.

Because of rank-and-file pressure, the union had previously rejected the company's attempts to introduce a "continental workweek"; that is, a 7-day continuous operation, in which employees work on Saturday and Sunday and have rotating days off. The weekend worker approach was introduced to avoid a continental workweek schedule. However, broad acceptance by industry has not resulted. For example, two years ago, at another CAW unit, Firestone Steel, there was a major problem with excessive overtime. The company proposed going to a four-crew, continental workweek and the CAW raised the 3M weekend proposal. The company accepted the proposal,

but the union membership voted against it on the grounds that it did not want to lose the overtime opportunity.

The expectations of the parties are that it will take about 18 months to see how the new system develops. There are only about four employees on the new schedule now, but the expectation is that this will rise to 60-80 employees.

The union membership is happy with the agreement and there was no opposition in the ratification process. The employees agreed that excessive overtime should be eliminated, and the new schedule is expected to achieve this. It is also expected to lead to more jobs with an expected ratio of two replacements on regular week shift for every three who go on the new weekend schedule.

Employees bid onto the new schedule. Early indications are that the new schedule is favoured by older employees who see it, in part, as a pre-retirement transition as well as fitting in with their lifestyle and recreational choices. Younger employees prefer it if they have further education or career plans. For example, one employee now on it has registered in a community college program and another is running a small business on the side.

Training, where required, will be done through the week. The preventive maintenance problem has not yet been solved. Management would prefer to do the maintenance on the weekend, and it may be bringing forth a proposal for a weekend worker scheme for the maintenance areas.

In summary, the intention of 3M management is to go on the weekend worker schedule for specific machines that it has consistently sought to have in continuous 7-day operation. If situations arise in which there is only a short-term special production run for a product, 3M will rely on overtime, not on an expansion of the weekend worker schedule. Work on the new system will be on longer-term production situations.

Management at 3M says that there has never been an occasion in the past when it was not able to work a machine on the weekend because of a lock of volunteers for overtime. However, its problem was that it did not have a guarantee of an available workforce — a particular problem when bidding on contracts in the U.S. The weekend worker agreement now gives 3M such a guarantee, and the company expects to gain new business and fill a full 7 days' worth of production. 3M expects that the increase in business, the improved quality of the work, and the increased capacity utilization and reduced absenteeism will more than make up for the increases in payroll costs from the new system. The company estimates its employee benefits will amount to approximately 35 per cent of payroll costs. The quality issue noted flows from a concern the company has about fatigue effects from excessive overtime, which leads to lower product quality and potential problems related to workplace safety and health.

Canadian Tower Ltd.

While it did not attract the attention of the 3M experiment, Canadian Tower Ltd. in Cambridge, Ontario, several years ago went on a special weekend shift schedule. It is a unionized plant organized with the United Rubber Workers.

Tower went on the special weekend schedule to eliminate regularly scheduled weekly overtime. The workers resisted at first, but the new system is now working and the only occurrences of overtime are in cases of sickness and accident.

The work schedule involves five regular day shifts from Monday to Friday. A separate crew works Saturday and Sunday. People get on the weekend crew through internal postings in the plant.

At the same time, Tower has gone through two major technological changes without laying off workers. The crews have been reduced, with the surplus employees being placed in a pool and used to cover vacancies.

The weekend schedule involves two 12-hour shifts, with payment for 42 hours. Saturday is paid at 1.5 times the regular rate and Sunday is paid at 2.0 times the regular rate. Employees can bid off of as well as bid onto the weekend shift; thereby, seniority rules still apply. Training of weekend employees is carried out through the week.

The flow of information to the weekend employees is a problem. There is some feeling of ghettoization and isolation within the organization. This is being corrected in part by rotating the supervisors. The crews do not rotate; their families have adjusted to the new system.

Employee reaction is varied. Employees with a tendency to drink may escalate their habit. Those who tend to get bored may get into trouble. Older workers like the weekend shift because of the additional leisure time during the week. It is more difficult for families with school-age children because such children are out of school on the weekend when the parent works. In contrast, workers with pre-school children see more of their children and share in duties around the house during the week.

The weekend shift results in greater guaranteed capacity, which is an advantage in supplying companies like Chrysler and Ford. It also results in more opportunities to train workers.

THere is a problem with preventive maintenance, because there is no room for it on the schedule. Therefore, every 12 days Tower must schedule a day for maintenance on the machines. Employees are out on other tasks or on training on those days.

Conclusions

Both cases, 3M and Canadian Tower, represent new initiatives to deal with the problems of excessive and regularly scheduled overtime. It appears that management is gambling that the expected improvements in productivity, quality and capacity will surpass any increases in labour costs. At the same time, the new system creates a different and separate category of workers who, based on the Canadian Tower

experience, may need special attention with respect to the communications and personal problems that may arise. It is clear that the weekend worker schedule appeals to particular segments of the workforce: those nearing retirement and those younger employees seeking more family time or skills upgrading.

NOTES

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5. Ibid., pp. 4-5.
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7. Ibid., p. 7.
8. Ibid., p. 10.
9. Ibid., p. 12.
10. Ibid., p. 16.
11. Ibid., pp. 20-21.
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13. Ibid., p. 22.
14. Ibid., p. 25.
15. Ibid., p. 30.
16. Ibid., p. 31.
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20. Submission to the Ontario Task Force on Hours of Work and Overtime by Local Union 1005, United Steelworkers of America, May 22, 1986, p. 2.
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23. Ibid., p. 16.
24. Ibid., pp. 17-19.

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26. Ibid., p. 2.

27. Ibid., p. 5.

28. Ibid., p. 6.

29. Ibid., p. 8.

30. Ibid., pp. 9-10.

31. Ibid., p. 10.

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36. Ibid., p. 20.

37. Ibid., pp. 21-22.

38. Statement to the Ontario Task Force on Overtime and Hours of Work by the Canadian Auto Workers, June 19, 1986.

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43. Ibid., p. 9.

44. Submission to the Ontario Task Force on Hours of Work and Overtime by Northern Telecom Canada Limited, May 1986, p. 1.

45. Ibid., pp. 2-5.

46. Ibid., p. 6.

47. Ibid., pp. 9-10.

48. Ibid., p. 11.

49. Ibid., p. 23.

50. Brief to the Ontario Task Force on Hours of Work and Overtime by the UAW Northern Telecom Intra Corporate Council, Alpril 1986, p. 1.

51. Ibid., p. 2.

52. Ibid., Appendices, pp. 6-15.